



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0378	Title:	Standardize income tax definitions and interpretation with federal law
Primary Sponsor:	Gillan, Kim	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$99,000	\$99,000	\$101,475	\$104,012
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$99,000)</u>	<u>(\$99,000)</u>	<u>(\$101,475)</u>	<u>(\$104,012)</u>

Description of fiscal impact: This legislation will require expenditures to train staff on federal definitions and regulations.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. The impact of this legislation on revenues is unknown. The effect on expenditures is partially known. An unknown amount of resources will be expended to litigate issues arising from adopting new legal standards for Montana's law and to analyze and write new rules to comply with the requirement to incorporate federal law, rules, and judicial interpretations into state rules.
2. The known portion of the expenditures is that this legislation would require 33 Department of Revenue staff to receive training to gain and maintain up-to-date knowledge of constantly-changing federal tax law, regulations, rulings, procedures, and case law. This training is estimated to cost \$3,000 per person for a total expenditure of \$99,000 each fiscal year.
3. The expenditures are inflated 2.5% for FY 2010 and FY 2011.

<u>Fiscal Impact:</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Expenditures:</u>				
Operating Expenses	\$99,000	\$99,000	\$101,475	\$104,012
TOTAL Expenditures	\$99,000	\$99,000	\$101,475	\$104,012
<u>Funding of Expenditures:</u>				
General Fund (01)	\$99,000	\$99,000	\$101,475	\$104,012
TOTAL Funding of Exp.	\$99,000	\$99,000	\$101,475	\$104,012
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$99,000)	(\$99,000)	\$101,475	\$104,012

Effect on County or Other Local Revenues or Expenditures:

1. None.

Long-Range Impacts:

1. None.

Technical Notes:

1. This legislation does not provide criteria for when a different definition is “clearly required.” Such ambiguous language is open to broad interpretation and will likely result in an increased need for rulemaking and a significant increase in litigation against the Department of Revenue.
2. This legislation does not address areas where federal provisions differ from Montana law. For example, federal provisions address REITs and the built-in gain of S. Corporations, but Montana has not passed legislation to address these concerns.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date